

Revised to reflect amendments adopted through May 17, 1999.

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *

	FY 1999-2000		FY 2000-2001	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See Below	(See Below)	See Below	(See Below)
CASH FUNDS	See Below	See Below	See Below	See Below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below	See Below	See Below	See Below

*Does not include impact on political subdivisions. See narrative for political subdivision estimates.

This bill, as amended, creates the Convention Center Facility Financing Assistance Act, and the Local Civic, Cultural, and Convention Center Financing Act. The Convention Center Support (CCS) Fund and the Local Civic, Cultural, and Convention Center Financing (LCCCCF) Fund are also created. A board is created and it consists of the governor, state treasurer, investment officer, chair of the State Board of Public Accountancy, and a professor of economics. The board reviews all applications under this act, holds a public hearing, and votes to approve the project if it meets the requirements set out in the bill. The applicant pays the cost of the notice of the public hearing. The board makes an estimate of the amount of attributable revenue, as specified in the bill, to be derived by the state from the eligible facility and may use investment multipliers up to two.

The board will audit or review audits of the approved convention center facility to determine the out-of-state participants, calculate attributable revenue, and certify the amount to the State Treasurer. The State Treasurer will annually, after the audit, transfer the certified attributable revenue out of the General Fund to the CCS Fund. The Legislature would then appropriate from this Fund to any political subdivision for an eligible facility an amount not to exceed seventy percent of the attributable revenue, \$75 million, or the cost of constructing the eligible facility. The remaining thirty-percent of the attributable revenue is to be appropriated by the Legislature to the LCCCCF Fund. Project grants from the LCCCCF would have to be a minimum of \$20,000, and there is no maximum grant amount (the former cap of \$250,000 per project was removed).

The amended bill has the emergency clause. The Convention Center Facility Financing Assistance Act terminates on June 1, 2002, if no applications have been received by that date.

Impact on General Fund: This bill could impact State General Funds. The State Treasurer transfers the total amount of the approved attributable revenue as specified in the bill from the General Fund to the CCS Fund. Any amount transferred is a General Fund reduction. It is unknown what this amount could be because of the following: (1) it would depend on amounts of attributable revenue certified and then transferred out of the General Fund, and (2) the number of political subdivisions that may apply and qualify under the provisions of this bill.

For every political subdivision that is eligible under the Convention Center Facility Financing Assistance Act, the following could occur: If a political subdivision qualifies for the maximum amount under the bill, General Funds could be reduced by approximately \$107.1 million (70% of the attributable revenue, up to \$75 million, and 30% of attributable revenue to the LCCCCF fund, which would be approximately \$32.1 million). This impact could occur over the life of the construction bonds (30 years), or it could occur over the matter of a few years, depending on the amount of attributable revenue certified and transferred out of the General Fund as specified in the bill.

Impact on Expenditures: The bill, as amended, gives administrative duties to the Department of Revenue. The agency estimates they will need a partial FTE Revenue Economist to perform the duties specified in the bill, and this is estimated to cost \$11,725 in FY00 and \$23,450 in FY01. Since this is an authorization bill and also contingent on an event occurring that may or may not occur (voters approving a bond issue), the agency will not incur any costs until the event occurs and whether the event occurs is speculative.

The State Board of Public Accountancy states that they will have to pay per diems for time spent by their chair on the board created by this bill. The per diem is \$100 and it would come out of their cash fund.

The Department of Economic Development is given the responsibility of administering the Local Civic, Cultural, and Convention Center Financing Act. The agency estimates increased General Fund expenditures of \$57,112 in FY00 and \$53,164 in FY01 and these expenditures would be for a 1.0 FTE Development Consultant, benefits, operating expenses, and capital outlay (one-time). At this time, the reasonableness of the request is not questioned. However, because it is unknown how many political subdivisions may apply under the provisions of this bill or the timeline of applications, it appears that these estimated expenditures would not occur, at the earliest, until after an eligible facility is constructed. This would probably not occur until after FY2000-2001.

Impact on Subdivisions: In order for any political subdivision to utilize provisions of this bill, they would have to expend local funds, whether utilizing either the Convention Center Facility Financing Assistance Act, or the Local Civic, Cultural, and Convention Center Financing Act. This could result in an increase in local tax expenditures (property taxes, local sales taxes, etc.). Any impact on political subdivisions would depend on how many decided to utilize provisions of this bill, and at this time, this is not known.

Technical note: Even though the Legislature appropriates the full limited amount from the CCS fund (70%, \$75,000,000 or costs), the 30 percent portion to the LCCCCF Fund does not have a dollar limit and could exceed \$32,142,857 ($\$75,000,000 / .70 - \$75,000,000$) if the board approves a high enough amount. Furthermore, if the Board approves any amount over \$107,142,857 ($\$75,000,000 / .70$) some unspecified residual amount could be left in the CCS Fund without specific instruction for disposition. For purposes of illustration only and not for purposes of estimating attributable revenue, the following table is helpful in demonstrating this apparent discrepancy:

TABLE 1	Example 1	Example 2
Attributable Revenue	107,142,857	110,000,000
70%, up to \$75 million	75,000,000	75,000,000
30%, no limit	32,142,857	33,000,000
Total General Fund Impact	107,142,857	108,000,000
Amount left in the CCS Fund	-	2,000,000